

ROLE OF 'MAKE IN INDIA' AS DRIVER OF GROWTH IN MANUFACTURING SECTOR

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INTRODUCTION:

The 'Make in India' campaign was launched and started by honorable the Prime Minister Narendra Modi on 25th September, 2014 in a function at the Vigyan Bhavan, New Delhi. Basically it is an initiative to encourage multinational, as well as domestic companies to manufacture their products in India. Indeed, the Government of India (GOI) hopes to make India a major manufacturing hub. India has emerged as one of the top destination globally for investment. On 29th December 2014, the Department of Industry Policy and Promotion conducted a workshop, which was attended by Mr. Modi, his cabinet ministers and chief representatives of states as well as various industry tycoons. The major expectation from this campaign is that it will create around 100 million job opportunities for Indian youths over time. The aim of 'Make in India' is to increase the share of manufacturing sector in country's Gross Domestic Product (GDP) from 16% to 25% by 2022, as stated in the national manufacturing policy. The major objective of this scheme focuses on 25 sectors. These sectors are Automobiles, Wellness, Defence, Manufacturing, Textiles and Garments, Biotechnology, Ports, Food Processing Mining, Media and Entertainment, IT and BPM, Pharmaceuticals, Renewable Energy, Aviation, Roads and Highways, Railways, Thermal Power, Oil and Gas, Space, Leather, Construction, Automobile Components, Chemicals and Electronic System.

VISION OF 'MAKE IN INDIA' CAMPAIGN:

The manufacturing industry currently contributes just over 15% to the national GDP. The aim of this campaign is to grow this to a 25% contribution as seen with other developing nations of Asia. In the process, GOI expects to generate jobs, attract much Foreign Direct Investment (FDI), and transform India into a manufacturing hub preferred around the globe. The Prime Minister called for all those associated with the campaign, entrepreneurs and corporates, to step and discharge their duties as Indian nationals by First Developing India and for investors to endow the country with FDI. The Prime Minister also promised that his administration would provide aids to the investors by making India a pleasant experience and that his government considered the overall development of the nation. He also laid a vigorous foundation for his vision of a technology-savvy 'Digital India' as complementary to 'Make in India'. He stressed on the employment generation and poverty alleviation that would inevitably accompany the success of this campaign. The objective

of the initiative is to focus on 25 major sectors of the economy for job creation and skill enhancement. The initiative hopes to increase GDP and tax revenue. The initiative also aims at high-quality standards and minimizing the inverse impact on the environment. It also hopes to attract capital and technological investment in India. The campaign was designed by the Wieden and Kennedy (W+K) group. The Wieden and Kennedy group had previously worked on a campaign for the Indian Air Force and the Incredible India campaign also.

METHODOLOGY:

This paper is based on secondary data and on various views of different authors, magazines, journals, books, government publications and websites etc.

OBJECTIVES OF THE STUDY:

- To study the role of 'Make in India' scheme as a driver for growth in different sectors.
- To study the way India is converting into global manufacturing hub.
- To generate employment in the country and its impact on economic growth.
- To motivate domestic and multinational companies to invest in India.

LOGO OF 'MAKE IN INDIA' CAMPAIGN:



DESCRIPTION ON LOGO:

The logo for the 'Make in India' campaign is an elegant lion, inspired by the Ashoka Chakra and designed to represent India's success in all spheres. Wheel denotes peaceful progress and dynamism. Lion has been the official emblem of India and it stands for courage, tenacity and wisdom - all Indian values.

REVIEW OF LITERATURE:

Since the year 2009, manufacturing sector of India is showing reverse trend with its share of GDP falling from 2.2 to 2.0 (Bhattacharya, Bruce, & Mukherjee, 2014, p. 4). It is undoubtedly true that, if India aspires to be a powerful nation by 2030, it needs a strong sustainable growth which can only be achieved if India creates a strong manufacturing base. 'Make in India' is a dream campaign launched by the PM Modi to boost this sector so that India can present its candidature for becoming the Global Leader (Chattopadhyay, 2015, para. 3).

K. Kalaivani (2015) the article entitled "A Study on the Impact of Make in India on HRM Practices – An overview". The study helps to understand the impact of make in India on the HRM practices followed in our

country. The study also covers the synergy between the HRM practices and the job opportunities. The study found that, a significant positive and meaningful relationship between HRM practices and the make in India. The study also found that, HRM practices become the means whereby designing new culture requires that HRM professionals and ahead of the cultural change curve with innovative and exciting HRM practices.

Dr. K. V. Ramana (2015) the article entitled “Make in India Illusion or Possible Reality Project?” The paper covers issues of the make in India, sectors covered, worldwide and positive responses and some critics. The study also covers the challenges that the project and movement will face. The study found that, this campaign attracts foreign investments and boost the manufacturing sector of India has been timed to perfection.

S. Soundhariya (2015) the article entitled “Make in India - Scheme for transforming India” The paper discusses about Make in India scheme, its opportunities, challenges, changes needed and some examples of different investors invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.

Seema Sangwan (2015) the article entitled “Making Make in India realism: role of FDI”. This study focuses on the changes in FDI rate after introduction of ‘Make in India’ by Modi and growth due to increase in the FDI rate. The study found that, there is high correlation between industrial production and FDI inflows. The study also found that, the effect of FDI on economic development ranges from productivity increased to enable greater technology transfer.

IMPORTANCE OF ‘MAKE IN INDIA’ CAMPAIGN:

For the purpose of reinforcing the traditional practices and creating the new vision for converting India into a global manufacturing hub, the GOI initiated a program that is run nationwide by the slogan of ‘Make in India’ with the motive to facilitate investments, faster innovation and build world class manufacturing infrastructure. Now the question arises is why it’s important to focus upon manufacturing sector?

As we all know that it does make a great sense as far as India is concerned. It's always in mind that India is primarily and fore mostly an agriculture oriented economy but the industry which has the most prominent contribution in the economy has also held its place quite firmly, but it was the manufacturing sector which was least care taken. We have always been blessed by nature for the necessary raw materials, India is still a country who is having ample resources, the human resource is most dynamic, extraordinary and the service sector is touching another level of heights.

CHANGING PARADIGM IN MANUFACTURING SECTOR AFTER THE INITIATION OF 'MAKE IN INDIA' CAMPAIGN:

India before 1991 was a much less developed and underutilized economy in terms of globalization. FDI before 1991 globalization reform was 97 (U.S. million \$) with a GDP growth less than 3%, but then came the globalization phase for India, which opened Indian market for the rest of the world thus increasing the FDI to 129 (U.S. million \$) in 1991-1992 financial year, with GDP as 4.2%, this was the time when Indian Economy witnessed a high growth rate as compared to previous year (before globalization). And the trend of increasing FDI and increasing growth of GDP went on. Sectors like retail, FMCG, automobile, software, health sector etc. saw a healthy FDI. In 2008, after the market crisis in India, growth rate went down to 6.7% than 7.1% of previous years. Till 2013, FDI in India was 31,731 (U.S. million \$). In 2014, after winning the general election PM Narendra Modi, announced a dynamic campaign called 'Make in India', which brought about 41,223 (U.S. million \$) up-till mid of 2015 with GDP growth of 8.1% brought smiles in Indian economy, world renowned manufacturers like Suzuki Motors, Posco Steel, Tetra Pack etc. came to India with smiling faces for investment.

Thus PM Modi's 'Make in India' campaign became famous all over the world such that India was ranked 7th among the top ten FDI most promising source of economy in 2015. The main objective of 'Make in India' is to attract the potential manufactures from all over the world to invest in Indian economy which will result in huge employment generation, better productivity, new technologies generation, safeguarding local market and farmers, development of MSME etc. So from the above information it can be concluded that this campaign's main motive is to attract various developed countries to invest in India in such a way that a product produced or manufactured in India is being used by the whole world.

There are following foreign companies which have started making plan to invest in India:

- Fiat Chrysler Automobiles might within a year start running and shall bring in an investment of about INR 1,500 - 2,500 crore.
- Hitachi has agreed to set up a Bup auto-component plant in and Huawei agreed to invest \$170 million to set up Research & Development center in India.
- World famous Swedish companies namely Tetrapak, Scania, Ericsson, and Volvo India strengthening their 10 years old manufacturing relationship with India.
- Oppo, a mobile manufacturer to set up manufacturing unit in NOIDA.
- Foxconn is drafting a plan to expand in India, building approx. 12 new factories and employing as many as one million workers by 2020.
- BMW and Mercedes-Benz trying to manufacture cars locally to be part of 'Make in India' initiative. This will lessen the waiting period of products in India and overseas.
- Xiaomi has set up a second factory in Andhra Pradesh's Sri City.

ADDITIONAL REASONS FOR THE NEW INITIATIVE:

- Various persisting issues prompted the launch of this campaign. First and foremost, India needs to reboot its economy. The Gross National Product (GNP) during the FY 2013 and 2014 was estimated around 5.5% which has been declined in comparison to the time period of 2002 to 2011 which was averaging around 7.7% and it was on a higher side.
- Secondly, the demanding factor for India is to create job opportunities for the young generation. In recent time on an average, 5 million new jobs have been created annually; on the contrary near about 12 million people join the workforce every year. This is another aspect of demographic dividend. By 2022 it is expected that the labour workforce will grow up to 600 million. Hence employment opportunities will resolve the problem of poverty to certain extent and will shift people's mind set from agriculture, which has a low capacity to sustain their livelihood.
- Third, economic development model of India is quite complex, rather than giving preference to Indian people they are offering privileges to skilled labour which were employed by foreign companies. On the other hand, the success mantra of some developed economies is to incentivize the manufacturing industries for generating the job opportunities for own people first. Today, this is the reason why manufacturing sector in China makes up 34% of GDP. The Chinese have positioned themselves as the 'workshop' of the world, accounting for 22.4% of global manufacturing, while India accounts for only 2%. India's manufacturing sector is less productive compared to its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.

MOMENTS OF CHANGE:

The expansion in productivity and increment in the manufacturing trade and economy is the result of 'Make in India' initiative. Within 2 years, over 10,000 training centers are opened, thus creating job opportunities for around million people. Indians should understand that there is a need to consume the products which are manufactured in India. More than 30,000 crore rupees of foreign exchange are being phoned out of our country on products such as beverages, tea, snacks, cosmetics etc. which are grown, produced and consumed here. In 1970, 1\$ = Rs.4 but today 1\$ = Rs.67. For this downfall in the value of rupee, we are solely responsible. Prefer fruit juices, lassi etc. instead of these cold drinks which are being produced at 70-80 paisa and sold to us at 7-10 rupees. Make a habit to use goods produced in India. Today more than half of the products we use come from other countries, thus GOI has to pay in dollars for these products as a result, value of rupee decreases. Taking an example of mobile of Rs. 17K with same features are rejected by consumers because they prefer to buy a 24K mobile with same features because it is from other country, and this amount

of 24K will not come to India, it will go to concerned country. Youngsters should start using more Indian websites for online purchases.



OFFERING NEW ENVIRONMENT TO INVESTORS
KEY PLAYERS OF GLOBAL CORPORATE SECTOR INVITED FOR LAUNCH

THE MODUS OPERANDI | 8-member expert panel set up jointly by Department of Industrial Policy & Promotion and FICCI

TEAM INVEST INDIA WILL

- 1 Interface with global investors
- 2 Redress grievances, act as helpdesk
- 3 Suggest reforms to Centre, States
- 4 Resolve policy issues

World Bank report ranks India **134th out of 189** nations on ease-of-doing-business parameters

- Invites to be sent to **30,000 top firms**
- Digital India Campaign to give **push to manufacturing**
- **25 identified sectors** including auto, food processing, IT, defence and entertainment
- Get manufacturing growth to **sustainable 10% over long term**
- Centre to work with States to **de-bureaucratise and deregulate**
- Help simplify **business procedures**, usher in **mindset changes**

The team will try to resolve issues within 48 hours. [Otherwise] it will go to the dept.'s nodal officer [to fix] within 72 hours. — **DIPP OFFICIAL**

The above picture is taken from a famous newspaper, it can be concluded that how the conditions in India is improving for boosting up of manufacturing sector after 'Make in India' campaign announcement.

BUILDING NEW SKILLS AND FOCUSES ON VOCATIONAL EDUCATION:

Skill development as their top priority, PM Modi had said that the government is currently doing mapping for assessing skilled manpower demand for specific sectors. He found synchronization between the government's objective, academic world, industry and job seekers to make sure that industries' specific skills are imparted correctly. Quality education along with skill development is point to be focused according to the experts. "In the emerging economy, people will need to continuously acquire new set of skills to meet out the economy's evolving dynamic needs", observed by official with an industry association.

Further Prime Minister has also promised that the local manpower will be given training by the Industrial Training Institutes (ITI) with the help of different sectors. "A skilled worker will be provided and our ITI will be functioning, as a result it will financially strengthen his family and improve the purchasing power." - Mr. Modi told top industrialists. National Skill Development Agency (NSDA), in the last couple of years, commenced work on creating an information system of labor market which would be beneficial to industry sourcing their manpower requirements. After this, the government would provide accreditation to agencies concerned with manpower in such a way that manpower requirement information can be accessed.

EMPHASIZING ON INNOVATIVE IDEAS AND ADVANCED TECHNOLOGY:

With global market getting globalized, Indian manufacturer will have to face serious competition to the high in quality and less in rate products from around the world even in home market of India. Tax concessions

to industry which will set up its work in India are suggested by the experts. Huge, small and medium-sized industries are very much important to take country to achieve its manufacturing hub goal.

RECENT POLICY MEASURES AND PROJECTS TO OPEN UP INDIA'S MANUFACTURING SECTOR:

- 100% FDI for telecom sector and single-brand retail
- Expiry dates of licenses increased to 3 years;
- For all non-risk, non-hazardous businesses, a system of self-certification to be introduced;
- Online obtaining of environmental clearance through a process
- Development of the Delhi-Mumbai Industrial Corridor (DMIC) is under process to make it a global manufacturing and an investment destination utilizing the 1,483 KM-long, high capacity western dedicated Railway Freight Corridor (DFC) as the back-bone.

MERITS OF INVESTING IN INDUSTRY SECTOR:

- FDI is one of the important sector through which Indian economy is able to make itself stable, so this scheme will boost up FDI in the country.
- All big manufacturing units need various small parts, which are created by various small scale industries, so as result of new large industry opening various small industries will also be created, thus creating more employment opportunities.
- Exports done by manufacturing units help in lowering the trade deficit.
- As India's population is about 130 crore, so it is a huge market for any industry around the world.
- Establishing India as self-dependent nation and giving Indian Economy a global recognition in manufacturing sector.
- Productivity improvement to boost skill intensive manufacturing in India by 2025.
- Converting India to one of the top two low cost exporters in auto components, power equipments and pharma.

CHALLENGES:

For making India a global manufacturing hub, government needs to clear out certain bottlenecks. This research paper contains major challenges and solutions for the same. Through secondary research and data obtained from various authenticated sources the challenges that hamper India to become global manufacturing hub and accordingly make:

- Improving the ease of doing business in India.
- Giving more opportunities for the improvement of general and engineering graduates.

- Building up infrastructure of various building and highways required.
- Improving the power capacity of electricity plants for better supply to industrial sector.

CONCLUSIONS:

India has that capability to push the GDP to 15% in next coming years. The GOI has taken tremendous steps to encourage investment and to improve further business climate. 'Make in India' mission is one such long run initiative which will accomplish the dream of transforming India into manufacturing hub. Start-ups in the core manufacturing sectors are poised to play a crucial role in the success of 'Make in India' ambitions, said experts at a panel discussion at the 11th India Innovation Summit, 2015 in the fields like telecom, defense manufacturing, automobile, financial technology modules and mobile internet have immense potential to succeed in the scheme of Make in India" - said Siddhartha Das, general partner, Venture East, addressing aspiring entrepreneurs at the discussion on "Entrepreneurship - Role of Start-ups towards Make in India". 'Make in India' scheme also focuses on producing products with zero defects and zero effects on environment.

The various measures undertaken by the GOI to address issues related to economic growth, delay in government's decisions and reforms in the Labour law, Land law and taxation have kick started the manufacturing sector and upliftment in the growth of GDP by 7% in last quarter. If governance will remain continue in this current manner, we can definitely hope to see a significant and sustainable growth in the manufacturing sector and progress towards India becoming a global manufacturing hub.

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